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31st Annual Report

STATE BOARD OF HAIL INSURANCE

To Montana Grain Growers



1947 BUSINESS SUMMARY

Total risk written.....	\$ 6,061,199
Premium charge	\$ 553,792
Losses paid	\$ 406,858
Policies issued	3,197
Loss claims filed.....	904
Total acres insured.....	701,012
Acres reported damaged.....	137,677
Average insurance per acre.....	\$8.65
Average acres insured per policy.....	219
Number of days with hail.....	31
Loss ratio	6.7%
Average cost per \$1000 of protection.....	\$91.37
Average cost of insurance.....	9%
Operating expense ratio.....	3.7%

**PAYMENTS ON STATE HAIL INSURANCE
LOSSES MAY BE ASSIGNED BUT ARE NOT
SUBJECT TO GARNISHEE OR ATTACH-
MENT.**

**THE OPERATION OF THE STATE HAIL
INSURANCE FUND HAS BROUGHT MUCH
LOWER RATES FOR HAIL INSURANCE
TO THE MAIN WHEAT BELT IN MON-
TANA FOR THE LAST 21 YEARS.**

See pages 6 and 7 for full information on
how to obtain State hail insurance.

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JUL 18 1949

Hon. S. C. Ford, Governor

March 2, 1948

State of Montana

Capitol Building

Dear Governor:

In compliance with the Montana hail insurance laws, I am submitting a report on the operations for 1947, together with cumulative data and summaries covering all years back to 1919. The most important high-lights for 1947 are mentioned in this letter. Additional details may be found in the attached statements.

1947 was a very successful year. The popularity of State hail insurance is shown by the new records established. The amount of insurance written (over \$6,000,000), the total premiums (\$553,792), the number of policies (3,197), and the acres insured (701,000), for 1947 exceeded all former years back to 1919. 904 losses were filed and 1943, with 910, is the only year which had more loss claims.

All 1947 losses were promptly paid in full. While the loss ratio was 6.7%, only slightly under the all-time average of 7%, we still were fortunate. After paying 1947, and the 10% pro-rated balance on 1944, there will be more than \$150,000 left over to use on future losses in years when they may be excessive.

The most severe loss of the season occurred in August, when losses were reported on 12 separate days. The storm of August 5 was the most destructive, and the total payments from this storm amounted to more than all other storms for the season. This storm hit here and there from Fergus to southeastern Garfield, through southern McCone and northern Prairie. From there east it really got down to business, passing just south of Glendive then east just north of Wibaux, far into North Dakota. This storm left hundreds of farms with the grain near a total loss. Some of the farmers in northern Prairie and western Dawson suffered their third near total loss in successive years in this August 5 storm.

1947 losses in the Triangle were unusually severe and widespread last summer. This area has, in former years, had much lower loss ratios than other parts of the state east of the mountains, and this is just one more example showing that hail falls where you find it. On August 22 and 30, very severe and widespread storms damaged the grain on several hundred farms from and around Choteau, Conrad, Big Sandy, Chester and Shelby. These losses were not hard on the State Hail Fund, as a large share of them were insured with the stock companies.

Following are the counties where the 1947 losses were most severe and where they exceeded the premiums.

County	1947 Approved Losses	1947 Loss Ratio	29-Year Loss Ratio	Present Rate
Glacier	\$ 8,303	39%	3%	7%
Dawson	121,034	36	17	9 and 10%
Fergus	32,564	24	9	9%
Pondera	14,184	20	7	7%
Prairie	41,510	17	13	10%
Toole	18,467	13	6	7%
Wibaux	12,959	12	8	9 and 10%

Collections on 1947 policies have been good. On January 1, less than 3% was unpaid. The main reason for delinquency apparently is the fact that many of the farmers held a lot of wheat over for sale in 1948, so as to make the proceeds from the 1947 crop take the 1948 income tax rate. Only 10 of those insured in 1947 asked for a reduction in premium rate because of loss of crop by other means than hail. Nearly all of them will have ample proceeds from the sale of the insured crop with which to pay their premiums. It seems certain that nearly all of the 1947 premiums will be paid soon.


The average policy in 1947 covered 219 acres. The average acres per policy for all years is 149. This large increase in acres per policy is the reflection of the increased size of farms and the greater use of larger machinery.

Since 1944 the Board has increased rates in some counties where losses had been more frequent and severe. The Board has increased the sur-charge on mustard for 1948 from 4% to 5%. This is the only change to be made for 1948, and it was made because mustard is a very hazardous crop to insure, and losses have exceeded premiums in several seasons.

Your attention is especially called to the low operating expense ratio for 1947, because the budget allowance was not adequate to cover the expenses required to do the work. The 1947 expense ratio was only 3.7%, the lowest in the past 29 years, while the average for all years is near 8%. The reason the operating expense ratio was so low in 1947 was mainly due to the greatly increased volume of business. The amount we will need to complete the 1947-1948 budget period to July 1, 1948, will greatly exceed the amount designated by the legislature, and we will need to ask for a part of the 1948-1949 budget to secure enough money to carry on the necessary work to July 1.

I wish to express the appreciation of the Board for the full cooperation furnished by state and county officers during 1947. It has made the work more pleasant and satisfactory. If you desire any further information on State hail insurance or on hail insurance in general, I will be pleased to make an effort to get you any information you request.

Respectfully submitted,
STATE BOARD OF HAIL INSURANCE,
E. K. BOWMAN, Chairman.



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DETAIL STATEMENT—RISK, LEVY, LOSSES, LOSS RATIO

County	1947 Risk Written	1947 Levy	1947 Losses	1947 Loss Ratio	29-Year Average Loss Ratio	Average Cost 29 Years
Big Horn	\$ 314,378.60	\$ 29,476.03	\$ 1,887.60	1%	6%	9%
Blaine	3,190.00	263.68	.....	0	4	7
Broadwater	7,482.00	637.35	.....	0	4	7
Carbon	4,088.00	313.58	.....	0	3	8
Carter	44,996.00	3,727.23	1,116.10	2	5	8
Cascade	38,075.90	2,713.94	248.71	1	3	8
Chouteau	365,225.00	25,718.73	6,264.58	2	4	7
Custer	24,310.60	2,242.44	.....	0	7	8
Daniels	638,054.50	58,781.49	5,596.75	1	5	8
Dawson	333,488.43	32,033.23	121,034.76	36	17	9
Fallon	316,104.63	32,396.58	20,166.51	6	11	9
Fergus	138,083.00	12,562.04	32,564.39	24	9	9
Gallatin	2,074.00	157.95	22.00	1	8	8
Garfield	10,280.00	904.60	643.90	6	8	9
Glacier	21,330.00	1,738.24	8,303.70	39	3	8
Golden Valley	69,193.00	6,905.13	930.20	1	12	10
Hill	118,458.00	8,098.65	5,971.69	5	4	7
Jefferson	3,649.00	344.55	.....	0	2	7
Judith Basin	27,447.00	2,171.09	248.56	1	6	8
Lake	1,100.00	55.00	.....	0	0	5
Lewis & Clark	5,510.00	374.69	.....	0	5	7
Liberty	86,956.00	6,012.52	4,862.30	6	3	7
Madison	748.00	53.32	.....	0	4	7
McCone	825,652.20	81,408.13	72,755.58	9	10	8
Musselshell	57,569.40	5,776.82	84.00	0	14	9
Petroleum	9,472.00	854.95	26.52	0	6	9
Phillips	58,182.00	4,853.44	3,925.47	7	4	8
Pondera	69,572.80	5,384.59	14,184.83	20	7	8
Powder River	98,816.32	8,846.36	2,618.00	3	5	9
Prairie	242,554.89	24,145.93	41,510.56	17	13	8
Richland	768,577.28	77,076.66	18,567.14	2	11	9
Roosevelt	360,815.00	28,359.13	1,071.00	0	3	8
Rosebud	8,634.00	767.40	.....	0	6	9
Sheridan	486,640.00	43,551.17	5,797.44	1	5	8
Stillwater	26,742.00	2,020.56	210.00	1	10	10
Teton	34,931.50	2,479.19	240.01	1	2	7
Toole	144,601.00	11,759.64	18,467.85	13	6	8
Treasure	54,349.30	5,374.93	.....	0	14	9
Valley	40,460.50	3,230.97	2,923.55	7	5	8
Wheatland	23,854.00	2,400.96	1,625.58	7	10	10
Wibaux	105,237.46	10,281.52	12,959.08	12	8	9
Yellowstone	70,316.00	6,937.82	30.00	0	7	10
	6,061,199.29	\$553,792.23	\$406,858.36	6.7%	7%	8%

29 YEAR SUMMARY 1919-1947, Inclusive

Total risk written.....	\$ 55,338,356
Premium charge.....	\$ 4,572,967
Losses paid	\$ 3,922,631
Policies issued	45,192
Total acres insured.....	6,715,036
Average acreage per policy.....	149
Average risk per acre.....	\$8.24
Loss ratio	7%
Average cost per \$1000 of protection.....	\$82.63
Number losses filed.....	10,662
Operating expense ratio.....	8%

ADMINISTRATION ACCOUNT FOR 1947 January 1 to December 31, inc.

1. State office salaries and traveling expenses (chairman, clerk hire, board members' per diem and expenses)	\$ 6,847.71
2. General office expense (printing, stationery, supplies, postage, telephone, telegraph, equip- ment, insurance, employees' bonds).....	\$ 2,231.36
3. Hail adjusters' per diem and expenses.....	\$10,651.22
4. Advertising	\$ 338.53
5. Office rent	\$ 300.00
6. Collection expense	\$ 9.30
7. Car maintenance	\$ 352.31
	<u>\$20,730.43</u>

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY IN
WHICH YOUR GRAIN IS GROWING

Owners of Unmortgaged Land with Not More Than One Year of Delinquent Tax may have the assessor charge the hail insurance to the land on which the insured crop is growing and the application will not be filed with the clerk and recorder.

Owners of Mortgaged Land Will Have the Insurance charged to the land and the application containing the crop lien will be filed with the clerk and recorder.

Hail insurance will not be charged to any real estate with more than one year of delinquent tax.

Waivers of crop mortgages are not required. The lien in the hail insurance application is a first lien on the insured crop except for liens given for the purchase of the seed with which to plant the insured crop.

Any land owner with not more than one year of delinquent tax may secure hail insurance without paying cash.

Any tenant who owes a delinquent personal hail insurance tax will not be issued another policy unless he pays the delinquent account or pays cash for the next policy.

4% Discount Will Be Given Those Who Pay Cash for Their 1948 Hail Insurance. For example, if the regular premium figures \$100 and the applicant offers cash for the hail insurance, the county assessor will receive \$96 as full payment.

When to Insure. Experience shows that grain should not be insured until it starts to stem or reaches the height of six inches, and then growing conditions should be favorable. The same care should be used in insuring non-irrigated special crops like mustard and beans. Care should be taken to use hail insurance for protection against loss rather than for speculation. Policies may be issued to grain growers as soon as the crops have an insurable value but no policies will be issued after August 15.

How Much Hail Insurance Per Acre. Barley and rye will be limited to \$8.00 per acre. All other grain may be insured for not more than \$10 per acre. Present prices of grain warrant carrying the limit on all well-tilled fields growing under favorable conditions.

Hail Insurance on Special Crops. Not more than the amount shown after each of the following crops may be carried on each acre for 1948:

Irrigated: beans, peas, sugar beets, corn, potatoes.....	\$20
Non-irrigated: mustard, beans, peas and safflower.....	\$10
Irrigated or non-irrigated: alfalfa seed.....	\$12
Non-irrigated corn	\$12

Hail Insurance on Mustard, Non-Irrigated Beans and Peas. Any farmer desiring to insure these crops must carry an equal risk on wheat and must include it on the same application unless cash is paid for the hail insurance. If the applicant does not have insurable wheat, other grain may be substituted.

Reduced Rates in Case of Crop Failure. When any insured crop is badly damaged or destroyed by other means than hail, the hail insurance may be terminated and the cost of the insurance will be reduced as shown by paragraphs 17 and 18-A on the application and policy. If the damage occurs after the dates provided in paragraphs 17 and 18-A, the insured may still obtain a reduction of his premium charge under the provisions of paragraph 18-B.

When to File For Hail Loss. When any insured crop is believed to be damaged more than 5%, the insured should immediately mail a claim for loss to the STATE BOARD OF HAIL INSURANCE at Helena, Montana. All claims for loss must be filed within 3 days after the damage was sustained.

When Not to File Loss Claims. Each year a large number of loss claims are filed on fields where little or no damage by hail is found. Many of these fields show a small infestation of Hessian Fly where the infested straws lean over and sometimes go down full length. Hessian Flies have weakened the straws close to the ground and the damage is not caused by hail. Each year many fields, following light hail storms, have been found to be lightly damaged by Hessian Flies, Crinkle Joint, Kinked heads and Wheat Stem Saw Flies. The damage, most times, has been overlooked until the light hail storm comes. More care in examining the fields before claiming hail loss will save your Hail Department hundreds of dollars each year. The Hail Department belongs to those who insure, and more care in reporting light losses will make a big saving which can be used to reduce the cost of hail insurance.

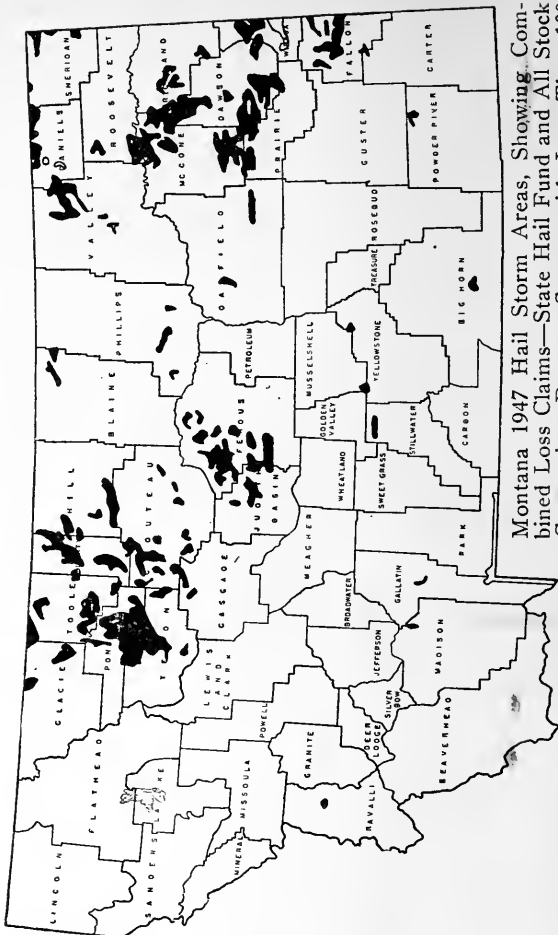
ADJUSTMENT OF HAIL LOSSES will be made by adjusters who have had lots of experience in farming and the adjusting of hail losses. Their experience enables them to estimate the loss accurately. They are instructed to give every claim careful consideration and they will fully cooperate with the grain growers in adjusting all losses.

STATE HAIL INSURANCE IS A MUTUAL OR COOPERATIVE FUND. All of the money grain growers pay for their hail insurance is used for that purpose only. During the 31 years that the Hail Fund has been operated the operating costs have averaged 8%. This means that 92c of each hail insurance dollar has been used for the purpose of paying hail losses. This is a far higher percentage than is paid on losses by any other form of hail insurance.

CASH PAYMENT FOR HAIL INSURANCE SECURES 4% DISCOUNT

When lending agencies, either public or private, advance funds to pay for hail insurance, they may be made joint payees on the policies. 4% discount will be figured on all cash policies. Example—If the premium figures \$100, then \$96 will be the amount to pay.

All grain growers who plan to borrow money to finance their farming operations, should be sure to make their loans large enough to include money to use for cash payment for hail insurance.



Montana 1947 Hail Storm Areas, Showing Combined Loss Claims—State Hail Fund and All Stock Companies—Days or Storms with Less Than 100 Claims Omitted.

MEMBERS OF THE STATE BOARD OF HAIL INSURANCE

E. K. Bowman, Chairman, Helena
 Willis Violet, Lothair
 Jens Olsen, Dagmar
 Albert H. Kruse, Helena,
 Commissioner of Agriculture.
 George P. Porter, Helena, State Treasurer.

It is the duty of the county assessors to furnish grain growers with full information regarding State hail insurance. This folder is issued for the purpose of assisting them in furnishing it.

Hail Insurance is a Necessary Cost of Raising Grain.

As soon as your 1948 crops are insurable we hope you will make application for insurance through your county assessor. There is always a chance that hail may destroy your crops and you can eliminate your worry by carrying hail insurance.

Issued April 1, 1948 by the
 STATE BOARD OF HAIL INSURANCE
 Helena, Montana